20. Pyrites, Phosphates & Chemicals Ltd.
21. Sambhar Salts Ltd.
22. Semi-Conductor Complex Ltd.
23. Sponge Iron India Ltd.
24. State Farms Corpon. of India Ltd.
25. Steel Authorithy of India Ltd.
26. H.M.T. Ltd.

Plan to Revive HMT

835. SHRI KRISHNA KUMAR BIRLA: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether Government have refused to endorse a revival package for the sick HMT;

(b) if so, the reasons therefor;

(c) the details of units of HMT which suffered losses during the past few years and are on the verge of closure;

(d) whether Government have now decided to chalk out a short term comprehensive plan to revie HMT; and

(e) if so, the details thereof and the factors responsible for its going into red?

THE MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA): (a) No, Sir.

(b) Question does not airse.

(c) Five loss making units, which are to be closed down are, Central Metal Forming Institute, Watch Case Unit, Lamp Factory, Food Processing Machinery Plant and Miniature Battery Unit.

(d) and (e) Government has approved a turnaround plan for HMT. Salient features of the turnaround plan are as under:-

(i) Loan of Rs.39.70 crore that has been advanced to the Company will be converted into equity. Interest accrued thereon of Rs.12.74 crore to be written off.

(ii) Fresh equity of Rs.250 crore (Rs. two hundered and fifty crore) to be infused by GOI to make the net worth positive as on 31.2.2000

(iii) Government will guarantee issue of bonds by HMT to raise Rs.469 crore for funding VRS for retiring 6493 employees within 2 years, i.e. by 31.3.2002. Interest subsidy by 50% will be provided on the aforesaid amount of Rs.469 crore and guarantee fee waived.

(iv) The Machine Tool and Watch Group would be converted into subsidiaries by 31.12.2000. These subsidiaries would be disinvested into upto 74% Subsidiarisation of and disinvestment in the Tractor Division would also be undertaken on a time-bound basis.

(v) Watch Factory, Srinagar would be constituted as a subsidiary and be provided, for a period of three years, annual budgetary support as grant-in-aid to meet actual wages and salary outgo as per audited accounts in respect of employees posted as Srinagar. The total salary and wage bill for the year 2000-01 has been estimated as Rs.9.85 crore.

(vi) Government will extend guarantee for a period of two years to the Company to avail of working capital loan for the Watch subsidiary from banks. (The quantum of loan has since been worked out to Rs.40.43 crore).

(vii) Rs.15.10 crore will be given towards equity for incurring capital expenditure during 2000-01.

Main reasons for losses are:

(i) Six unvialbe units, namely, Central Metal Forming Institute, Watch Case Unit, Lamp Factory, Food Processing Machinery Plant, Miniature Battery Unit and Srinager Watch Factory, made perennial losses and contributed to a loss of Rs. 305 crore upto 31.3.99.

(ii) High employment cost, far in excess of industry norms.

(iii) Huge debt burden resulting in high interest cost and inadequate working capital.

VRS in Heavy Industries

†836. SHRI DILIP SINGH JUDEV: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

†Original notice of the question was received in Hindi.